ORIGIN/ACTION: AF-5

NMR	REP	AF
1	1	
ARA	EUR	FE
NEA	CU	INR
		6
L	P	IO
4		
L	FBO	AID
3		
AGR	COM	FRB
	15	
INT	LAB	TAR
7		
TR	XMB	JUSA
4		
ARMY	CIA	NAVY
	16	
OSD	USIA	NSA
21		3

OCT 26 PM 4 05

Q-PBR

DEPARTMENT OF STATE

AIRGRAM

Ret 10-3 Libya

27 PBR Suppressed

FOR RA USE ONLY
DEPARTMENT OF STATE A/OGC/MR
DATE 8/7/81
HANDLING INDICATOR

A-203
NO.

CONFIDENTIAL

RECEIVED
DEPARTMENT OF STATE
Oct 28 8 27 AM 1970
DEPT'S AUTH.
ENDORSE-EXDIS
DECLASSIFIED ☑ RELEASABLE
RELEASE DENIED ☐
ANRA'S ISO EXEMPTIONS

EXT. DATE
REASON: SJ
MARKING
DEPARTMENT OF STATE

TO: Department of State

FROM: Amembassy TRIPOLI

DATE: Oct. 23, 1970

SUBJECT: Gulf Oil Company Withdrawal from Libya

REF: Tripoli 2222 and previous

Mr. Bob K. Kirkbride, Manager of Gulf Oil Company of Libya, recently has informed the Embassy that he virtually has completed terminating the Company's affairs in Libya. Gulf decided to withdraw from Libya when the Ministry of Petroleum insisted upon payment of concession rental fees by the Company at the rate applicable to concessions in which oil has been discovered in commercial quantity. While Gulf took steps in mid-1969 to determine the feasibility of producing a small oil discovery in its concession 66, it contends that this action is not evidence that the field is a commercial discovery within the meaning of the Libyan Petroleum Law. The Ministry of Petroleum argues to the contrary, i.e., that Gulf's invitation of bids for construction of an export pipeline is evidence that the Company considered the field a commercial discovery.

In late August, 1970, Gulf decided to relinquish its concessions because of the LARG's demand for higher rental payments ($70 vs. 54 cents per square kilometer annually) and because it concluded that - whatever the prospects might have been for commercial exploitation of concession 66 - the climate for new investment in Libya is marginally

Enclosure:
Translation of ltr. dtd. 7/15/70 to Gulf Oil Co. of Libya from Mr. Mabruk, Minister of Petroleum

CONFIDENTIAL

FOR DEPT. USE ONLY
☐ In ☐ Out

FORM DS-323

Drafted by: ECON:JAPlatt:vfh

Contents and Classification Approved by: ECON:LWalker

Clearances:

productive venture had become unfavorable. While acknowledging Gulf's right of relinquishment, the Ministry of Petroleum maintains that Gulf owes £L 421,394, or about $1.2 million, in rental payments accrue at the higher rate since July 1963.

To enforce its demand for payment the Ministry of Petroleum arranged for the sequestration of Gulf assets in Libya in mid-September. The seizure of Gulf's bank account and other assets have delayed Mr. Kirkbride's efforts to conclude Gulf's affairs, but recently he has managed to transfer Company funds to Libya from abroad and has paid the amounts due Gulf's local employees and creditors. When informing the Embassy of the progress he has made in concluding the Companies affairs, Mr. Kirkbride provided a copy of a translation of the Ministry of Petroleum's notice to Gulf of its sequestration. A copy of this notice is attached.

Mr. Kirkbride hopes to be able to settle Gulf's remaining accounts and to depart Libya by the end of October. He has proved to be self-reliant in accommodating to the restrictive conditions under which he has been working, and has sought the Embassy assistance on only incidental matters. Gulf, so far, has refrained from seeking to arbitrate its dispute with the LARG, while maintaining its right of recourse to arbitration, because of the relatively small value of the assets seized - about $350,000.

PALMER

DECLASSIFIED

TRANSLATION reproduced

ENCLOSURE A-203
Tripoli
10-23-70

LIBYAN ARAB REPUBLIC
MINISTRY OF PETROLEUM & MINERALS
P.O.BOX (256) ,Tripoli - Libya .

R.C. No. 472
File No. 50/4MPM
Date : 15/7/1390
Corresponding to: 15/9/1970

The Director,
Gulf Oil Company of Libya .

After Greetings.,

Reference is made to the letters exchanged between the Ministry and the Company regarding the payment of the High Rent in respect of concession No. (66) ,with effect from 23rd July,1969,and to our letter dated 16/5/1390 (Corresponding to : 20/7/1970) ,notifying you that the High rent should be paid within a period not exceeding thirty days as from the date of that letter ,stating at the same time that in the event of your delay in executing the said request, the Ministry shall take all the legal measures to safeguard the rights of the Government.

You are hereby informed , that since the deadline has expired on 20/8/1970 ,with our request un-executed by your company ,we have duly notified the competent authorities in the Government to apply Administrative Sequestration upon the Company in fulfiment of the value of the High Rent amounting to £L 421,394 (Four Hundred twenty one thousand ,three hundred and ninety four Libyan Pounds).We have been informed that the Revenue Dept. has requested the Controller of Revenue in the County of Tripoli to apply Sequestration upon your Company in fulfilment of the above amount.

As the sequestration has been actually applied ,you are hereby informed accordingly . In the event you settle the said amount ,the question of lifting the sequestration imposed upon your company shall be considered.

Sgd.

Izzidin El Mabrouk
Minister of Petroleum

CC; Undersecretary of the Ministry .
: Director General of Revenue Dept.
: Director of Technical Dept. (Any of the properties of the Company may not be desposed of.)
: Director of Companies Accounts Dept. (Write to the Bank concerned requesting payment of Letter of Guarantee For favour of the Ministry.)

DECLASSIFIED